# GOVERNMENT OF INDIA
# FINANCE
# LOK SABHA

UNSTARRED QUESTION NO:2396
ANSWERED ON:18.03.2005
RAISING OF MARGINS ON ADVANCES AGAINST SHARES
Kalmadi Shri Suresh

**Will the Minister of FINANCE be pleased to state:**

(a) whether Reserve Bank of India has raised margins from 40 percent to 50 percent on advances against shares, public issues guarantees and minimum cash requirement;

(b) if so, the details thereof; and

(c) if not, the reasons therefor?

## Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM):

(a) to (c) Yes, Sir. Reserve Bank of India (RBI) has issued a circular raising the margin on all advances against shares/financing of IPOs/issue of guarantees etc. from 40 per cent to 50 per cent with effect from December 27, 2004. Within the margin of 50 per cent the minimum cash margin has been increased from 20 per cent to 25 per cent in respect of the guarantees issued by banks. A copy of the circular DBOD. No. DIR.B.C. 64/13.07.05/2004-05 dated December 27, 2004 is available on RBI`s website at www.rbi.org.in.